AR38

SOO LINE RAILROAD COMPANY

CPR 55.7%

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 10, 1968

TO THE SHAREHOLDERS:

Notice is hereby given that the ANNUAL MEETING of the Shareholders of Soo Line Railroad Company, a Minnesota corporation, will be held at the principal office of the Company, Room 802, Soo Line Building, Minneapolis, Minnesota on Wednesday, April 10, 1968 at 10 o'clock A.M., Central Standard Time, for the following purposes:

(a) To elect a Board of nineteen Directors to hold office for one year and until their successors shall have been elected and shall qualify.

(b) To approve the designation of Haskins & Sells to audit the accounts of the Company for the year 1968.

(c) To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on Friday, March 1, 1968 as the record date for the determination of Shareholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or adjournments thereof. The stock transfer books of this Company will not be closed.

BY ORDER OF THE BOARD OF DIRECTORS,

THOMAS M. BECKLEY, Secretary

Minneapolis, Minnesota
March 15, 1968

IMPORTANT

If you do not plan to attend this meeting, please sign, date and return the enclosed Proxy promptly, using for that purpose the accompanying envelope, for which no postage is required if mailed in the United States. You are urged to sign and return your Proxy without delay to insure its arrival in time for the meeting.

Additional copies of this Notice, the related Proxy Statement, the 1967 Annual Report to Shareholders and additional Proxy forms may be obtained from the Secretary, Soo Line Railroad Company, Box 530, Minneapolis, Minnesota 55440.

PROXY STATEMENT

This statement is furnished in connection with the solicitation of proxies on behalf of the management of Soo Line Railroad Company, by the undersigned Committee appointed by the Board of Directors, for use at the Annual Meeting of Shareholders of the Company to be held at the place and time and for the purposes set forth in the accompanying Notice of the meeting.

The accompanying Proxy will be voted by any member of the Proxy Committee and may be revoked at any time prior to the exercise thereof.

The entire cost of this solicitation will be paid by the Company. In addition to solicitation by mail, officers or regular employees of the Company may solicit proxies without additional compensation. Such officers and employees may solicit proxies by personal interview, mail, telephone and telegraph and may request brokers and other custodians, nominees and fiduciaries to forward soliciting material to their beneficial owners at the expense of the Company.

The Annual Report of the Company for the Year 1967 including financial statements, has been mailed to each Shareholder of record on the record date for the meeting.

The Company had outstanding, or reserved for conversion of outstanding shares of the Predecessor Companies not yet surrendered for exchange pursuant to the Plan of Merger of the Predecessor Companies consummated on December 30, 1960, as of the close of business on March 1, 1968, the record date for the meeting, 1,265,909.25 shares of Common Stock. As of said date, 1,264,929 shares had been issued and will be entitled to be voted at the Annual Meeting to be held on April 10, 1968. As provided in the Articles of Incorporation and By-Laws of the Company, each share shall be entitled to one vote on any matter submitted to a vote of the Shareholders; but if notice in writing is given by any Shareholder to the President or Secretary of the Company not less than 24 hours before the time fixed for the election of Directors that he intends to cumulate his votes in such election, each Shareholder shall have the right to multiply the number of votes to which he may be entitled by the number of Directors to be elected, and he may cast all such votes for one candidate or distribute them among any two or more candidates.

As of March 1, 1968, the Canadian Pacific Railway Company owned of record and beneficially 704,953 shares or 55.7% of the total outstanding shares of the Company's Common Stock entitled to be voted at said Annual Meeting.

ELECTION OF DIRECTORS

At the meeting, nineteen Directors, constituting the entire Board, are to be elected, each Director to hold office for one year and until his successor shall have been elected and shall qualify. The names of, and certain information with respect to, the persons nominated for election as Directors are hereinafter set forth. Each valid proxy will be voted at the meeting for the election of the nominees listed below, but the Proxy Committee will exercise its discretion as to the manner in which the votes represented by proxies solicited by management will be distributed among said nominees. The management has no reason to believe that any of said nominees will be unable or unwilling to serve as a Director, but if any nominee should indicate his inability or unwillingness to serve, proxies solicited by the management will be voted for a substitute selected by the Proxy Committee.

Nominee	Principal Occupation or Employment	Service as Director from	Common Stock of the Company owned
G.H. Baillie[1]	Vice President, Canadian Pacific Railway	1966	None
*Judson Bemis	President, Bemis Company, Inc. (Flexible Packaging, Packaging Machinery, Coatings and Laminations)	1957	150
*J. D. Bond	Executive Vice President of the Company	1958	None
James Boyd[2]	President, Copper Range Company (Mining and Metals)	–	100
G. Kenneth Crowell	Consultant, Kimberly-Clark Corporation (Paper and paper products)	1965	100
N. R. Crump[1]	Chairman and Chief Executive Officer, Canadian Pacific Railway Company	1949	None
John H. Daniels	Chairman of the Board, Archer-Daniels-Midland Co. (Processor of agricultural products).	1959	100
H. Robert Diercks	Executive Vice President, Cargill, Incorporated. (Agricultural Marketing and Processing)	1965	None
Reuel D. Harmon[3]	President, Webb Publishing Company, (Printing and Publishing)	–	None
*F.T. Heffelfinger, II	Executive Vice President, Peavey Company (Grain, flour and feed).	1959	100
John Hjellum	Senior Partner of law firm of Hjellum, Weiss, Nerison & Jukkala.	1959	200
T.R. Klingel	Senior Vice President of the Company	1967	150
*Gordon Murray	Chairman of the Board, First National Bank of Minneapolis	1952	50
*Leonard H. Murray	President of the Company.	1954	300
George S. Pillsbury	Group Vice President, The Pillsbury Company (Grain Products and other Foods)	1958	1,000
Peter N. Todhunter	Partner of law firm of Todhunter and Hunt	1949	None
G.J. van den Berg[1]	Vice President-Finance, Canadian Pacific Railway	1967	None
*Robert C. Wood	President, Minneapolis Electric Steel Castings Co. (Steel castings manufacturing)	1956	100
J. A. Wright[1]	Vice President–Law, Canadian Pacific Railway Company	1960	None

*Member of the Executive Committee

(1) Shares of voting securities of Canadian Pacific Railway Company were owned by Directors as follows: N. R. Crump, 1,700 Ordinary and £ 16,000 Preference; J. A. Wright, 400 Ordinary; in addition, members of Mr. Wright's family own a total of 475 Ordinary shares in which he disclaims beneficial ownership; G. H. Baillie, 1,015 Ordinary; and G. J. van den Berg, 1,025 Ordinary.

(2) Dr. Boyd has been President of Copper Range Company since 1960.

(3) Mr. Harmon has been President of Webb Publishing Company since 1952.

REMUNERATION OF DIRECTORS AND OFFICERS DURING FISCAL YEAR 1967

The following table sets forth the remuneration paid by the Company and its subsidiaries during 1967 to each Director, and each of the three highest paid Officers, of the Company whose direct aggregate remuneration exceeded $30,000 and to its Directors and Officers as a group:

Name of Individual or Identity of Group	Capacities in which Remuneration was Received	Aggregate Remuneration	Estimated Annual Pension Benefits on Retirement (1)
Leonard H. Murray	President	$ 85,000	$ 33,523
J. D. Bond	Executive Vice President	42,000	20,769
T. R. Klingel	Senior Vice President	41,250	16,217
Directors and Officers	Various	363,709	

(1) The amount shown represents the annual pension benefits payable on retirement estimated on the following assumptions: (a) continuation of employment at the salary shown until age 65; (b) continuation of Pension Plan (as currently in effect) without change; and (c) continuation of contributions to Pension Plan by the employer.

TRANSACTIONS WITH CANADIAN PACIFIC RAILWAY

The Company interchanges substantial freight traffic with Canadian Pacific Railway at three points of connection. Under joint facilities contracts covering the performance of services for the benefit of both railroads at these interchange points, the Company in 1967 paid Canadian Pacific $267,979 and received $233,545. Payments to Canadian Pacific covering equipment used and services rendered in connection with through passenger trains amounted to $7,291 and $17,376 was received from Canadian Pacific for similar services.

Rental payments for freight cars made by the Company to Canadian Pacific amounted to $1,525,503 in 1967 and car rentals received by the Company from Canadian Pacific were $66,019. Payments to Canadian Pacific for damage and repairs to freight cars for which the Company is responsible under interchange rules were $205,310 in 1967 and car repair payments received from Canadian Pacific amounted to $58,813. The amounts paid for car rentals and car repairs were computed in accordance with the rules established by the Association of American Railroads.

DESIGNATION OF AUDITORS

The Board of Directors has designated Haskins & Sells, Certified Public Accountants, as auditors to examine accounts of the Company for the year 1968, subject to approval by a vote of the shareholders at the annual meeting. The firm of Haskins & Sells has audited the accounts of the Company since 1961. The following resolution will be introduced at the annual meeting on April 10, 1968;

"RESOLVED, That the designation by the Board of Directors of the firm of Haskins & Sells, Certified Public Accountants, as auditors to make examination of the Company accounts for the year 1968 be, and the same is, hereby approved."

The adoption of the foregoing resolution requires the affirmative vote of the holders of a majority of the shares present or represented by proxy and entitled to vote at a meeting of the shareholders at which a quorum is present. The holders of a majority of the outstanding shares of the company entitled to vote, present in person or represented by proxy, constitute a quorum.

OTHER MATTERS COMING BEFORE THE MEETING

The Management does not know of any matters to come before the meeting other than the election of Directors and the approval of the designation of Haskins & Sells as auditors for the year 1968. However, if any other matters properly come before the meeting, it is the intention of the persons designated as proxies to vote in accordance with their best judgment on such matters.

March 15, 1968

Edgar F. Zelle
J. D. Bond
L. V. Johnson
Proxy Committee

PLEASE DATE, SIGN AND MAIL YOUR PROXY